

Gasoline sellers get the blame

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Utah Commerce Director Francine Giani, appointed by Gov. Jon Huntsman Jr. to investigate why Utah's gas prices remain much higher than the national average, said Tuesday that retailers are reaping added profits at the expense of consumers.

But she said there isn't anything the state can do about it.

"We have seen retailers taking advantage of an opportunity to make more money," Giani said. "But we do not believe there is any violation of any laws."

Giani said Huntsman's office will release a report about her investigation Friday or Saturday.

Utah's gas prices, which for much of the past year have been among the lowest in the country, rose to a record high of nearly \$2.99 a gallon in late August.

The state's gas prices since have fallen in recent weeks, along with those in other states, but remain higher than the national average.

The average cost of a gallon of unleaded gasoline in Utah on Tuesday, for example, was \$2.59, down from \$2.95 one month ago, according to AAA Utah, a travel services company that tracks gas prices nationwide.

The national per-gallon average is \$2.26 - 33 cents less than Utah's average.

The good news for Utahns is that the gap between Utah's prices and the national average, more than 40 cents at one point, is narrowing.

Still, on Tuesday only six states had higher prices than Utah - Hawaii (\$3.03); Alaska (\$2.82); Nevada (\$2.64); Washington (\$2.63); Oregon (\$2.61) and California (\$2.60).

Certainly high demand for gasoline has played a role in pricing in Utah, which has one of the strongest economies in the country. With demand high, refineries and retailers are not particularly motivated to slash pump prices.

Another factor keeping gas prices high in Utah is the state's relatively isolated refinery market. The state has five refineries in the North Salt Lake area that supply stations here. Much of the rest of the country in recent weeks has been flooded with low-cost foreign gasoline.

Giani, who requested financial information from Utah's refineries and about two dozen retailers, said the response has been disappointing.

While four of five refineries contacted by investigators provided some financial information to the state (with Flying J failing to comply), only two of 24 retailers provided information, she said.

"I'm really surprised we didn't get more responses from retailers," Giani said. "That tells me something. . . . It tells me the retailers may be the folks that can answer the question of why our prices are so high."

John Hill, executive director of the Utah Petroleum Marketers and Retailers Association, defends the retailers, even though their gross profit has doubled.

"It seems like everyone is trying to point an accusatory finger at the retailers, and it's unjustified," he said.

He said the average retailer in Utah is making a 15.6 cent gross profit on a gallon of

gasoline, which amounts to about 6 percent, or \$1.87, on a 12-gallon sale. Gross profit is the amount a station makes before it pays expenses.

He said gasoline retailers typically earn a gross profit of about 3 percent on each gallon. So even though they are doubling their profits, he does not think that justifies consumer outrage that prompted the state investigation.

Hill contends that gas prices go up and down, and that Utah's gas prices from January through August were lower than the national average.

Wanship resident Robert Lindsay, like many other Utahns, is still unhappy that Utah's prices are among the highest anywhere.

But Lindsay said he's not disappointed the state can't do anything to help push Utah's gas prices lower.

"Unless it's a utility or something, I can't see the state being able to do anything about gas prices," he said. "You can't tell people what they can sell something for."

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Average price per gallon

* National: \$2.26

* UTAH: \$2.59

* California: \$2.60

* Oregon: \$2.61

* Washington: \$2.63

* Nevada: \$2.64

* Alaska: \$2.82

* Hawaii: \$3.03

Source: AAA Utah